




State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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RENTALS TO FEDERAL GOVERNMENT EMPLOYEES RECEIVING REIMBURSEMENT AND SALES TAX EXEMPTION

Issued September 16, 1966

Where automobiles are rented to federal government employees who receive reimbursement for the rentals, does the Sales Tax exemption for sales or rentals to the federal government apply?

The taxpayer rented automobiles to federal government employees. The federal government reimbursed the employees for the rentals paid. The taxpayer contended that the government employees, in renting the cars, acted as agents on behalf of the federal government and the Sales Tax should not apply to the rentals.

RCW 82.04.050 includes within the definition of retail sale the renting or leasing of tangible personal property to consumers. However, sales or rentals to the federal government are exempt from Sales Tax. The Commission held that, as the employees were not purchasing agents of the federal government with respect to the particular transactions in question, the rentals were not made on behalf of the federal government. An employee or agent is the purchaser when expenses are incurred in the course of performing his duties even where reimbursement for expenses is received from the employer or principal. Thus, the Sales Tax applied to the rental of automobiles by federal government employees. (Letter)

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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